

Section 6 of the Retailers' Occupation Tax Act provides a credit, without filing a formal claim with the Department, against a retailer's tax liability to the extent that the retailer paid an amount equivalent to retailers' occupation tax or has paid use tax in error to his or her vendor or vendors of tangible personal property purchased for resale. See 35 ILCS 120/6. See 86 Ill. Adm. Code 130. (This is a GIL).

July 17, 2000

Dear Xxxxx:

This letter is in response to your letter dated January 26, 2000. Your letter had apparently been mislaid in the Department and has now been forwarded to our office for a response. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

I have a question or two concerning filling out the ST-1 Worksheet for Sales and Use Taxes. My number is ####.

Question 1

Since I sell bubble gum in bubble gum vending machines and buy the supplies in another state and pay sales tax there do I still have to pay taxes on purchases again since I've already paid the RETAIL SALES TAX?

Question 2

I've recently for 2000 started buying computer parts in STATE for resale in Illinois. would I need a different form to send taxes in on a Quarterly Basis or stay on the yearly scale? And does Tax rate stay the same?

To save postage you can E-Mail me at ####.

I appreciate your help and suggestions on the ST-1 SALES and Use Tax Return as I do not understand my wrong figuring of the tax on purchases and tax on receipts.

Please note that I am answering your question under the understanding that the sales of bubble gum from vending machines referenced in your letter do not qualify for the exemption for bulk sales of merchandise from vending machines for 1 cent as described in subsection (e) of the enclosed copy of 86 Ill. Adm. Code

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130.2135. Because you are making retail sales of tangible personal property in this State, you should purchase the items you are selling tax free for resale. See the enclosed copy of 86 Ill. Adm. Code 130.1401 and 130.1405. Section 6 of the Retailers' Occupation Tax Act provides a credit, without filing a formal claim with the Department, against a retailer's tax liability to the extent that the retailer paid an amount equivalent to retailers' occupation tax or has paid use tax in error to his or her vendor or vendors of tangible personal property purchased for resale. See 35 ILCS 120/6 (1998 State Bar Edition).

The State sales tax rate is the same for all types of tangible personal property (6.25%) except for the following items which are taxed at the (1% state rate of tax) food for human consumption which is to be consumed off the premises where it is sold, drugs, medicine, medical appliances, certain diabetic related materials, and modifications to motor vehicles for the purpose of rendering the motor vehicle usable by a disabled person. Please note that sales which occur in a jurisdiction that imposes a local tax will also be subject to that additional sales tax rate.

If your business increases because you sell new types of products etc., keep filing in the same manner and on the same form as you currently do. If you exceed the threshold for annual filing, the Department will notify you of your new filing status (quarterly or monthly). The threshold for quarter annual filing is \$200 or less in liability per month. The threshold for annual filing is \$50 or less per month. See 35 ILCS 120/3.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk

Enc.